

Message Text

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ACTION AGR-08

INFO OCT-01 EUR-12 IO-11 ISO-00 FEA-01 CEA-01 CIAE-00

COME-00 DODE-00 EB-07 FRB-03 H-02 INR-07 INT-05 L-03

LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

STR-04 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01

XMB-02 OPIC-03 /112 W

----- 117818

R 121759Z MAR 76

FM AMEMBASSY ROME

TO SECSTATE WASHDC 6339

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMCONSUL MILAN

USMISSION EC BRUSSELS

USMISSION GENEVA

USMISSION OECD PARIS

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PASS AGRICULTURE

E.O. 11652: N/A

TAGS: ETRD, EAGR, EEC, IT

SUBJECT: NON FAT DRY MILK (NFDM) MIXING REGULATION

REF: STATE 057607

1. AS INSTRUCTED REFTTEL, EMBOFF CALLED ON MINISTRY FOREIGN

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AFFAIRS (MFA) REP MINISTER CALAMIA (COORDINATOR, EC AFFAIRS)

MARCH 10, LEAVING NOTE VERBALE DRAWN FROM REFTEL. AFTER READING NOTE, CALAMIA REMARKED THAT IT WAS "A PRETTY STIFF PROTEST," BUT NOT TOTALLY UNEXPECTED. CALAMIA SAID GOI NOT HAPPY WITH NFDM SOLUTION (ESPECIALLY SINCE ITALY MUST IMPORT NECESSARY NFDM) BUT ADDED "YOU KNOW HOW THINGS HAPPEN" IN MARATHON AG MIN SESSIONS. CALAMIA MADE NO ATTEMPT TO REPLY TO POINTS RAISED IN NOTE, OTHER THAN TO OBSERVE THAT GOI HAD TRIED ITS BEST TO REDUCE SCOPE OF COMMISSION'S PROPOSAL, ONCE IT OBVIOUS THAT IT WOULD BE ACCEPTED IN SOME FORM.

2. ON MARCH 11 ECOMIN RAISED SUBJECT WITH AMBASSADOR GUAZZARONI (DIRECTOR GENERAL FOR ECONOMIC AFFAIRS, MFA), STRESSING INCOMPATIBILITY OF EC'S ACTION WITH ITS GATT OBLIGATIONS AND OUR UNHAPPINESS THAT EC HAD CHOSEN TO PLACE BURDEN OF ADJUSTMENT FOR ITS POLICIES ON THIRD COUNTRY OR COUNTRIES. IN RESPONSE, GUAZZARONI STATED THAT GOI ALSO NOT HAPPY WITH DECISION SINCE ITALY MUST NOW QTE PAY TWICE UNQTE, I.E. ITS CONTRIBUTION TO HIGH SUPPORT PRICE AND HIGHER PRICE FOR NFDM THAN FOR INGREDIENTS WHICH WOULD OTHERWISE BE USED IN MIX. NONETHELESS, GUAZZARINO ASSERTED, GOI HAD HAD TO GO ALONG WITH DECISION ON NFDM IN ORDER OBTAIN OTHER BENEFITS IN AGRICULTURAL NEGOTIATIONS.

3. SUBSEQUENT TO MFA APPROACHES, EMBOFF PRESENTED U.S. PROTEST ON NFDM MIXING REGULATION TO PROF. ALBINO DAL SASSO, DEPUTY DIRECTOR GENERAL FOR AGRICULTURAL POLICY (SECOND TO DIRECTOR GENERAL DI CHIO).

4. DAL SASSO ADMITTED THAT AN EXTENSION OF MIXING REQUIREMENT BEYOND APRIL 1- OCTOBER 15 DURATION IS QUITE PROBABLE, GIVEN AMOUNT OF MILK POWDER TO BE DISPOSED OF AND DIFFICULTIES IN EFFECTING REGULATION. HE SAID MODALITIES OF HOW REQUIREMENT WOULD BE ENFORCED WERE LIKELY TO BE WORKED OUT IN NEXT FEW DAYS AND THAT IT WAS NOT CLEAR WHETHER PURCHASES OF SOYBEANS AND PRODUCTS ALREADY MADE WOULD FALL UNDER REGULATION.

5. REGARDING GATT ASPECTS, DAL SASSO SAID PROBLEMS WITH ARTICLE III WERE DISCUSSED WITHIN EC, BUT CLAIMED THAT LARDINOIS LEFT IMPRESSION THAT HIS DISCUSSIONS WITH SECRETARY BUTZ HAD LED HIM TO BELIEVE U.S. WOULD NOT PRESS TOO HARD ON THIS LIMITED OFFICIAL USE

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ISSUE. ACCORDING TO DAL SASSO, ITALIAN DELEGATES SPECIFICALLY RAISED GATT ISSUE IN EFFORT TO HEAD OFF ACCEPTANCE OF REGULATION, WHICH IS BASICALLY HARMFUL TO INTERESTS OF ITS LIVESTOCK AND POULTRY PRODUCERS, BUT LATER ACCEDED IN RETURN FOR CONCESSIONS ON OTHER COMMODITIES (SEE SEPTTEL). HE REITERATED SENSE OF DELEGATES THAT U.S. OPPOSITION HAD SUBSIDED WITH PROVISION FOR SUBSIDIZED STORAGE OF SOYBEANS, ALTHOUGH HE ACCEPTED POINT THAT MEASURE WILL HAVE ADVERSE IMPACT ON

U.S. SALES WHEN SOYBEANS ARE LATER RELEASED.

6. DAL SASSO CONCEDED THAT MILK PRICE INCREASES WILL ONLY
CONTINUE MILK POWDER SURPLUS SITUATION, FOR WHICH HE BLAMED
POLITICAL PRESSURES BY DAIRY FARMERS IN FRANCE. VOLPE

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Message Attributes

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Draft Date: 12 MAR 1976
Decaption Date: 01 JAN 1960
Decaption Note:
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Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
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